



County of Los Angeles
CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

December 11, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF AGREEMENT FOR
DELINQUENT ACCOUNT COLLECTION SERVICES WITH USCB, INC.
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Director of Health Services (Director), or his designee, to execute a replacement Agreement with USCB, Inc. (USCB) to provide Delinquent Account Collection Services (DACS) for Department of Health Services' (DHS or Department) facilities, effective January 1, 2008 through December 31, 2009.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval will authorize the Department to enter into a replacement Agreement, substantially similar to Exhibit I, with USCB to provide DACS at DHS facilities, with contingent fees to be paid based solely on revenues actually received by the County as a direct result of USCB's services. USCB will only be assigned DHS accounts to perform revenue collection services after the County's best account collection efforts have been exhausted.

DACS are expected to generate \$11.8 million in gross revenues annually, of which approximately \$2.3 million will be paid in contingent fees to USCB. The current Agreement expires December 31, 2007.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Continued provision of DACS with USCB is critical to ensure timely receipt of these revenues. The Department has determined that to establish an alternate provider would potentially negatively impact revenue collections since it would take too long for a new provider to become familiar with DHS' patient care billing policies and practices. With USCB's extensive knowledge, experience, and systems in place, it has become an integral part of generating revenue for DHS in an efficient and timely manner.

FISCAL IMPACT/FINANCING

Based on the actual collections for Fiscal Year (FY) 2006-07, USCB is expected to generate \$11.8 million in gross revenues annually, of which approximately \$2.3 million is anticipated to be paid on a contingent fee basis to USCB. These anticipated revenues are estimated based on existing patient utilization and do not take into consideration any potential reductions or increases which may occur in DHS services. Approval of this action will allow the Director, or his designee, to negotiate the contingency fee rate paid to USCB for DACS at a percentage rate no greater than 25 percent of the total recovered revenues received by the County during the Agreement term.

USCB is compensated solely from the collections they receive on behalf of DHS. Therefore, additional funding is not required.

The estimated revenues are included in the Department's FY 2007-08 Final Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Following a competitive solicitation conducted by the Treasurer and Tax Collector (TTC), the County contracted with USCB in February 2001, for the provision of DACS. Until ordinance changes became effective authorizing the Department to undertake DACS, the two departments worked collaboratively to allow DHS temporary use of the Agreement initiated by TTC. Ordinance authority was approved by your Board, and the related Agreement was also approved, effective May 15, 2001. Subsequently, your Board approved three Amendments extending the Agreement through December 31, 2007.

Current Agreement fees range from 4 percent to 32.5 percent. Due to the varying range of fees and the complexity of managing these fees, USCB and the Department have agreed to streamline the contingency fee. The maximum contingency fee amount payable under this agreement will be no greater than 25 percent.

Monitoring of the Agreement will be performed by DHS' Revenue Management (RM) staff who coordinates annual monitoring for administrative, fiscal, and programmatic aspects of the Agreement. Any deficiencies or discrepancies which may be found during a review will be documented and appropriate corrective action taken. In addition to required monitoring reviews, USCB is required to complete monthly summary reports for each facility reflecting the number of accounts referred to USCB, amount of charges referred to USCB, cash collections, third-party collections, total collections, USCB fees, and net collections. DHS RM reviews the monthly reports for fluctuations and addresses any issues that may arise with the contractor to ensure revenues are maximized.

The County may terminate the Agreement with a 30-day prior written notice.

Attachment A provides additional information.

County Counsel has reviewed and approved Exhibit I as to form.

CONTRACTING PROCESS

USCB was selected as a result of a solicitation process conducted by TTC in 2001, to provide DACS to County facilities. USCB has become an integral part of generating revenue for DHS, and it has extensive knowledge, experience, and systems in place to effectively perform DACS at the level and speed required for successful reimbursement. The Department has determined that to establish a different collection system would potentially negatively impact revenue collections, and it is in the best interests of the County not to competitively bid these services. Accordingly, the Department is recommending a renewal of the existing agreement with USCB for provision of DACS to ensure County revenues are maximized.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will ensure efforts to maximize collection revenues continue uninterrupted.

Honorable Board of Supervisors
December 11, 2007
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal stroke extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:SS
DRJ:LT:bjs

Attachments (2)

c: County Counsel
Director and Chief Medical Officer, Department of Health Services

121107_DHS_USCB

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Delinquent Account Collection Services

2. AGENCY ADDRESSES` AND CONTACT PERSONS :

USCB, Inc.
3333 Wilshire Blvd., 7th Floor
Los Angeles, California 90010
Attention: Thomas L. Isgrigg, Vice President

3. TERM:

Effective January 1, 2008 through December 31, 2009.

4. FINANCIAL INFORMATION:

Based on the actual collections for Fiscal Year (FY) 2006-07, USCB is expected to generate \$11.8 million in gross revenues annually, of which approximately \$2.3 million is anticipated to be paid on a contingent fee basis to USCB. These anticipated revenues are estimated based on existing patient utilization and do not take into consideration any potential reductions or increases which may occur in DHS services. Approval of this action will allow the Director, or his designee, to negotiate the contingency fee rate paid to USCB for DACS at a percentage rate no greater than 25 percent of the total recovered revenues received by the County during the Agreement term.

USCB is compensated solely from the collections they receive on behalf of DHS. Therefore, additional funding is not required.

The estimated revenues are included in the Department's FY 2007-08 Final Budget.

5. GEOGRAPHIC AREAS SERVED:

Countywide

6. ACCOUNTABLE FOR MONITORING:

Patricia Adams, Division Head
Revenue Management, Department of Health Services

7. APPROVALS:

| | |
|---------------------------------------|----------------------------------|
| Director of Finance: | Allan Wecker |
| Contracts and Grants Division: | Cara O'Neill, Chief |
| County Counsel (approval as to form): | Robert E. Ragland, Senior Deputy |

EXHIBIT I

Contract No. _____

DELINQUENT ACCOUNT COLLECTION SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this _____ day
of _____ 200__,

by and between COUNTY OF LOS ANGELES (hereafter
 "County"),
and USCB, INC. (hereafter "Contractor").

WHEREAS, pursuant to Section 1441 and 1445 of the California Health and Safety Code, County has established and maintains, through its Department of Health Services (hereafter "DHS"), various County hospitals, Health Centers, Comprehensive Health Centers, and other support facilities and programs (hereafter collectively referred to as "Facilities"); and

WHEREAS, Contractor possesses the competence, expertise, and personnel required to provide the financial services as described herein; and

WHEREAS, County finds it necessary to secure professional Delinquent Account Collection Services (hereafter referred to as "DACs"); and

WHEREAS, County's DHS finds that the services to be performed

by Contractor are special and unique financial services, that no civil service employee presently qualifies to perform such services, and that it is impossible to recruit personnel to perform such services within the civil service system for the period of time required by County; and

WHEREAS, Contractor is a financial services firm and by virtue of its competence and expertise in the areas of DACS, qualified to perform these required services; and

WHEREAS, Contractor is willing to provide the services described herein for and in consideration of the payments provided under this Agreement and under the terms and conditions hereafter set forth; and

WHEREAS, the term "Director" as used herein refers to County's Director of DHS, or his authorized designee (hereafter jointly referred to as "Director"); and

WHEREAS, County is authorized by Government Code Sections 26220 and 31000 to contract for these services.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM: The term of this Agreement is effective January 1, 2008 through December 31, 2009.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days' prior written

notice to the other.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

2. DESCRIPTION OF SERVICES:

A. Contractor shall provide services in the form as described in the body of this Agreement and Exhibit "A" (Statement of Work), which is attached hereto and incorporated herein by reference.

B. Contractor acknowledges that the quality of service(s) provided under this Agreement shall be at least equivalent to that which Contractor provides to all other clients it serves.

3. BILLING AND PAYMENT:

A. County agrees to compensate Contractor in accordance with the payment structure set forth in Exhibit A, Paragraph 30 (Statement of Work), Provision For Payment, attached

hereto and incorporated herein by reference.

B. Payment by County hereunder shall be made within forty-five (45) days after receipt of a billing statement which is deemed to be complete and correct by Facilities, and/or the County's Auditor-Controller, or his/her duly authorized representative, and in accordance with Exhibit A, Provision For Payment Paragraph.

4. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

5. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense. In any event, Contractor may satisfy the insurance

coverage requirements specified in this Agreement by providing evidence of Contractor's self-insurance program, as described hereinbelow. Such evidence shall be provided in a formal declaration (on Contractor's letterhead, if available) that declares Contractor is self-insured for the type and amount of coverage as described in Insurance Coverage Requirements Paragraph, hereinbelow. Contractor's declaration may be in the form of a corporate resolution or a certified statement from a corporate officer or an authorized principal of Contractor. The statement also must identify which required coverages are self-insured and which are commercially insured. Contractors who are self-insured for workers compensation must provide a copy of their "Certificate of Consent to Self-Insure" issued by the State in which services will be provided. Further, Contractor's self-insurance program must be reviewed and approved by County's Risk Manager prior to the effective date of this Agreement.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: DHS, Contracts and Grants Division, 313 North Figueroa Street, 6th Floor-East, Los Angeles, California 90012-2659, and to DHS, Revenue Management, 313 North Figueroa Street, Room 527, Los Angeles, California 90012-2659, prior to commencing services

under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in this Agreement.
- (3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.
- (5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be

executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits: Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such

report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

6. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

| | |
|--|-------------|
| General Aggregate: | \$2 Million |
| Products/Completed Operations Aggregate: | \$1 Million |
| Personal and Advertising Injury: | \$1 Million |
| Each Occurrence: | \$1 Million |

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as

required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

| | |
|--------------------------|-------------|
| Each Accident: | \$1 Million |
| Disease - Policy Limit: | \$1 Million |
| Disease - Each Employee: | \$1 Million |

D. Professional Liability Insurance covering liability arising from error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two (2) year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

E. Crime Coverage: Insurance in an amount not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payer.

| | |
|---------------------------------------|-------------|
| Employee Dishonesty: | \$1 Million |
| Forgery or alterations: | \$1 Million |
| Theft, Disappearance and Destruction: | \$1 Million |

7. SUBCONTRACTING:

A. For purposes of this Agreement, all subcontracts must first be approved in writing by Director. Contractor's written request to Director for approval to enter into a subcontract shall be made at least thirty (30) calendar days prior to the proposed effective date of the subcontract, and shall include:

(1) Identification of the proposed subcontractor, (who shall be licensed as appropriate for provision of subcontract services), and an explanation of why and how the proposed subcontractor was selected, including the degree of competition involved.

(2) A detailed description of the services to be provided by the subcontractor.

(3) The proposed subcontract amount and manner of compensation, if any, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. (Any later modification of such subcontract shall take the form of a formally written subcontract amendment which also must be approved in writing by Director in the same manner as described above, before such amendment is effective.)

(5) Any other information and/or certification(s) requested by Director.

B. Director shall review Contractor's request to subcontract and shall determine, in his/her sole discretion, whether or not to consent to such a request on a case-by-case basis.

C. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Further, Director's approval of any subcontract shall also not be construed to limit in any way, any of County's rights or remedies contained in this Agreement.

D. In the event that Director consents to any subcontracting, Contractor shall be solely liable and responsible for any and all payments or other compensation to all subcontractors, and their officers, employees, and agents.

E. In the event that Director consents to any subcontracting, such consent shall be subject to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to Contractor when such action is deemed by County to be in its best interest. County

shall not be liable or responsible in any way to Contractor, or any subcontractor, or to any officers, employees, or agents, of Contractor, or any subcontractor, for any liability, damages, costs, or expenses, arising from or related to County's exercising of such a right.

F. Subcontracts shall contain the following provision: "This contract is a subcontract under the terms of a prime contract with the County of Los Angeles and shall be subject to all of the provisions of such prime contract." Further, Contractor shall also reflect as subcontractor requirements in the subcontract form all of the requirements of Indemnification, General Insurance, Insurance coverage, Compliance with Applicable Law, Conflict of Terms and Alteration of Terms Paragraphs, Alteration of Terms of the body of this Agreement, as well as, all of the provisions of the Additional Provisions attachment.

Contractor shall deliver to Director a fully executed copy of each subcontract entered into by Contractor, as it pertains to the provision of services under this Agreement, on or immediately after the effective date of the subcontract, but in no event, later than the date any services are to be performed under the subcontract.

G. Director is hereby authorized to act for and on the

behalf of County pursuant to this Paragraph, including but not limited to, consenting to any subcontracting.

8. COMPLIANCE WITH APPLICABLE LAW:

A. Contractor shall comply with the requirements of all federal, State, and local laws, ordinances, regulations, rules, guidelines, and directives, applicable to its performance hereunder. To the extent there is any conflict between federal and State or local laws, the former shall prevail.

Any reference to a specific statute, regulation, or any other document not prepared by County is deemed to include a reference to any amendment thereto as of the effective date of such amendment; further, this Agreement shall be interpreted and the parties' duties and obligations under this Agreement shall be consistent with any amendment to any applicable statute, regulation or other document not prepared by County which occurs after the effective date of the Agreement.

B. Contractor shall indemnify and hold harmless County from and against any and all loss, damage, liability, or expense resulting from any violation on the part of Contractor, its officers, employees, or agents, of such federal, State, or local laws, regulations, guidelines, or

directives.

9. ADDITIONAL PROVISIONS: Attached hereto and incorporated herein by reference is a document labeled Additional Provisions, of which the terms and conditions therein contained are part of this Agreement.

10. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

11. CONFLICT OF TERMS: To the extent that there exists any conflict or inconsistency between the language of this Agreement (including its Additional Provisions), and that of any Exhibit(s), Attachment(s), and any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail.

12. ALTERATION OF TERMS: The body of this Agreement (including its Additional Provisions) and any Exhibit(s), and/or Attachment(s) attached hereto, fully expresses all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of the parties, their officers, employees or

agents, shall be valid and effective unless made in the form of a written amendment to this Agreement which is formally approved and executed by the parties in the same manner as this Agreement.

13. CONTRACTOR'S OFFICE: Contractor's primary business office is located at 125 South Vermont Avenue, Los Angeles, California, 90004. Contractor's primary business telephone number is (213) 387-6181, facsimile/FAX number is (213) 739-7630, and electronic mail ("e-mail") address is Acadena@uscbinc.com. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number, facsimile/FAX number, and/or e-mail address, as listed herein, or any other business address, business telephone number, facsimile/FAX number, and/or e-mail address used in the provision of services herein, at least ten (10) calendar days prior to the effective date(s) thereof.

14. NOTICES: Notices hereunder shall be in writing and may either be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, attention to the parties at the addresses listed below. Director is authorized to execute all notices or demands which are required or permitted by County under this Agreement. Addresses and parties to be notified may be changed by providing at least ten (10) calendar days prior written notice to the other party.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Services
Contracts and Grants Division
313 North Figueroa Street, Sixth Floor-East
Los Angeles, California 90012-2659

Attention: Division Chief

- (2) Department of Health Services
Revenue Management
313 North Figueroa Street, Room 527
Los Angeles, California 90012-2659

Attention: Division Head

B. Notices to Contractor shall be addressed as follows:

- (1) USCB, Inc.
3333 Wilshire Bl., 7th Floor
Los Angeles, California 90010

Attention: Thomas L. Isgrigg, Vice President

IN WITNESS WHEREOF, the Board of Supervisors of the County
of Los Angeles has caused this Agreement to be subscribed by its

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/

Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By Bruce A. Chernof, M.D.
Director and Chief Medical Officer

USCB, INC.
Contractor

By 
Signature

THOMAS ISGRIGG

Print Name

Title CHIEF OPERATIONS OFFICER
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

Department of Health Services

By Cara O'Neill, Chief
Contracts and Grants Division

sd:09/20/07

ADDITIONAL PROVISIONS

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ADDITIONAL PROVISIONS

1. ADMINISTRATION: Director shall have the authority to administer this Agreement on behalf of County. Contractor agrees to extend to Director, or to authorized federal, State, County, and local governmental representatives, the right to review and monitor Contractor's program(s), policies, procedures, and financial and/or other records, and to inspect its business offices, facility(ies), and/or County work site area(s), for contractual compliance at any reasonable time.

2. FORM OF BUSINESS ORGANIZATION AND FISCAL DISCLOSURE:

A. Form of Business Organization: Contractor shall prepare and submit to Director upon request, an affidavit, sworn to and executed by Contractor's duly constituted officers, or Board of Directors, containing the following information with supportive documentation:

(1) The form of Contractor's business organization, e.g., sole proprietorship, partnership, limited liability company ("LLC"), or corporation.

(2) Articles of Incorporation and By-Laws (or articles of organization, certificate of formation, certificate of registration, and operating agreement if Contractor's organization is an LLC).

(3) A detailed statement indicating whether Contractor is totally or substantially owned by another

business organization (i.e., another legal entity or parent corporation).

(4) Board Minutes, or other legal documentation, identifying who is authorized on behalf of Contractor to conduct business, make commitments, and enter into binding agreements with County. Such Board Minutes, or legal documentation, shall especially confirm that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement.

(5) A detailed statement indicating whether Contractor totally or partially owns any other business organization that will be providing services supplies, materials, or equipment to Contractor or in any manner does business with Contractor under this Agreement.

(6) If, during the term of this Agreement, the form of Contractor's business organization changes, or the ownership of Contractor changes, or Contractor's authorized person to conduct business, make commitments, and enter into binding agreements with County changes; or Contractor's ownership of other businesses dealings with Contractor under this Agreement changes; Contractor shall notify Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

B. Fiscal Disclosure: Contractor shall prepare and submit to Director, upon request, a statement executed by Contractor's duly constituted officers or Board of Directors, containing the following information:

(1) A detailed statement listing all sources of funding to Contractor, including but not limited to, private contributions, if any. The statement shall include the nature of the funding, services to be provided, total dollar amount, and period of time of such funding.

(2) If, during the term of this Agreement, the source(s) of Contractor's funding changes, Contractor shall promptly notify the Director in writing detailing such changes within thirty (30) calendar days prior to the effective date thereof.

3. NONDISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, or physical or mental disability, or sexual orientation in accordance with requirements of federal and State laws. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to any person which is not equivalent, or is provided in a non-

equivalent manner or at a non-equivalent time, from that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation.

In addition, Contractor's facility access for the disabled must fully comply with section 504 of the federal Rehabilitation Act of 1973 and Title III of the federal Americans with Disabilities Act of 1990.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the federal Rehabilitation Act of 1973, the federal Americans with Disabilities Act of 1990, and all other federal and State laws, as they now exist or may hereafter be amended, that it, its affiliates, subsidiaries, or holding companies, will not discriminate against any employee or applicant for employment because of race, color, religion, national

origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation.

Contractor shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation, in accordance with federal and State laws. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status,

political affiliation, physical or mental disability, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract of understanding, a notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractor, bidders, or vendors without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, physical or mental disability, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any of the provisions of this Paragraph have been violated, the same shall constitute a material breach of Agreement upon which County may determine

to cancel, terminate, or suspend, this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provision of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Agreement, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its officers, employees, and agents from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and regulations regarding employment of undocumented aliens and others, and that all its employees performing services hereunder meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations, as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all covered employees for the period prescribed by law. Contractor shall indemnify, defend and hold harmless County, its officers, and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director in writing, within thirty (30) calendar days, of: (1) any event that would require Contractor or a staff member's mandatory exclusion from participation in a federally funded health care program; and (2)

any exclusionary action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

8. RULES AND REGULATIONS: During the time that Contractor's employees, or subcontractors are Facilities, Contractor and such persons shall be subject to the rules and regulations of the Facilities. The Facility's Administrator shall furnish a copy of rules and regulations to Contractor pertaining to Facilities prior to the execution of this Agreement and, during the term of this Agreement, shall furnish Contractor with any changes thereto as from time to time may be adopted. It is the responsibility of Contractor to acquaint itself and such persons who may provide services hereunder with such rules and regulations. Contractor agrees to immediately and permanently withdraw any of its employees or subcontractors from the provision of services hereunder upon receipt of written notice from the Director that: (1) such employee or subcontractor has

violated such rules or regulations, or (2) such employee's or subcontractor's actions while on County premises, indicate that such employee or subcontractor may adversely affect the delivery of health care services to County patients. The Director must submit with such notice a written statement of the facts supporting any such alleged violation or action.

9. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE: Contractor shall ensure that no employee or other person under Contractor's control, performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

10. UNLAWFUL SOLICITATION: Contractor shall inform all of its officers and employees performing services hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of said provisions by its officers and employees. Contractor agrees to utilize the attorney referral service of all those bar associations within Los Angeles County that have such a service.

11. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to

bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority.

12. COUNTY LOBBYISTS: Each County lobbyist as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of any County lobbyist retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

13. RESTRICTIONS ON LOBBYING: If any federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all such certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (31 United States Code Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply all such certification and disclosure requirements.

14. COUNTY'S QUALITY ASSURANCE PLAN: The County or its agents will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms and performance standards. Contractor deficiencies which Director determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be

reported to County's Board of Supervisors. The report will include improvement/corrective action measures taken by Director and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate Agreement or impose other penalties as specified in Agreement.

15. RECORDS AND AUDITS:

A. Service Records: Contractor shall maintain, and provide upon request by County, accurate and complete records of its activities and operations as they relate to the provision of services, hereunder.

B. Financial Records: Contractor shall prepare and maintain on a current basis, complete financial records in accordance with generally accepted accounting principles and also in accordance with any additional accounting principles and procedures, and standards, which may from time to time be promulgated by Director. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. Further, all financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services (including personnel provided), as well as other financial records pertaining to this Agreement, shall be retained by Contractor for a minimum period of five (5) years following the expiration or prior termination of this Agreement.

During such five (5) year period, as well as during the term

of this Agreement, all records pertaining to this Agreement, or true and correct copies thereof, including but not limited to, those records described above, shall either: (1) be retained by Contractor, accessible for review by County representatives at a location in Los Angeles County, or (2) if retained by Contractor at a location outside of Los Angeles County, moved from such a location, to a location within Los Angeles County for review, upon Director's request, and made available during County's normal business hours, within ten (10) calendar days, to representatives of County, or federal and State governments, for purposes of inspection and audit. In the event such records are located outside Los Angeles County and Contractor is unable to move such records to Los Angeles County, then Contractor shall permit such inspection or audit to take place at an agreed to outside location, and Contractor shall pay County for travel, per diem, and other costs related to such inspection and audit.

Contractor shall further agree to provide such records, when possible, immediately to County by facsimile/FAX, or through the internet (i.e., electronic mail ["e-mail"]), upon Director's request. Director's request shall include appropriate County facsimile/FAX number(s) and/or e-mail address(es) for Contractor to provide such records to County. In any event, Contractor shall agree to make available the original documents of such FAX and e-mail

records when requested by Director for review as described hereinabove.

C. Federal Access to Records: If, and to the extent that, section 1861 (v) (1) (I) of the Social Security Act [42 United States Code ("U.S.C.") section 1395x (v) (1) (I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement, books, documents, and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under federal law), Contractor agrees that each such subcontract shall provide for such access to the sub-contract, books, documents and records of the subcontractor.

D. County To Be Provided Audit Report(s): In the event that an audit is conducted of Contractor specifically regarding this Agreement by any federal or State auditor, or any auditor or accountant employed by Contractor or

otherwise, Contractor shall file a copy of each such audit report with Director and County's Auditor-Controller within thirty (30) calendar days of Contractor's receipt thereof, unless otherwise provided under this Agreement, or under applicable federal or State regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s). Failure of Contractor to comply with these terms shall constitute a material breach of this Agreement upon which County may cancel, terminate, or suspend this Agreement.

E. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in

accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/ compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy of any written evaluation reports.

Contractor shall have the opportunity to review County's findings on Contractor, and Contractor shall have thirty (30) calendar days after receipt of County's audit/ compliance review results to provide documentation to County representatives to resolve the audit exceptions. If, at the end of the thirty (30) calendar day period, there remains audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit, or sample, shall be applied to the total County payment made to Contractor for all claims paid during the audit/compliance review period to determine Contractor's liability to County.

F. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by

Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to Contractor by County by cash payment.

16. REPORTS: Contractor shall make reports as required by County, or DHS, concerning Contractor's activities and operations as they relate to this Agreement and the provision of services hereunder. In no event, however may County, or DHS, require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. Director's notification shall provide Contractor with a written explanation of the procedures for reporting the information required.

17. CONFIDENTIALITY: To the extent that Contractor may gain access hereunder to County patient records and information, Contractor shall maintain the confidentiality of such records and information from third parties, including but not limited to, billings and County records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of this confidentiality provision requirement. Contractor shall indemnify and hold harmless County, its officers, employees, agents, and

subcontractors, from and against any and all loss, damage, liability, and expense arising out of any disclosure of patient records and information by Contractor, its officers, employees, agents, subcontractors, and others providing services hereunder.

18. CONTRACTOR PERFORMANCE DURING CIVIL UNREST OR DISASTER:

Contractor recognizes that health care facilities maintained by County provide care essential to the residents of the communities they serve, and that these services are of particular importance at the time of a riot, insurrection, civil unrest, natural disaster, or similar event. Notwithstanding any other provision of this contract, full performance by Contractor during any riot, insurrection, civil unrest, natural disaster or similar event is not excused if such performance remains physically possible.

Failure to comply with this requirement shall be considered a material breach by Contractor for which County may immediately terminate this Agreement.

19. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County. Any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this Paragraph, such County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any billings to County by any delegatee or assignee on any claim under

this Agreement, absent such County's consent, shall not be paid by County. Any payments by County to any delegatee or assignee on any claim under this Agreement, in consequence of any such County consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to setoff, recoupment or other reduction of claims which County may have against Contractor, whether under this Agreement or otherwise.

B. Shareholders or partners, or both, of Contractor may sell, exchange, assign, divest, or otherwise transfer any interest they may have therein. However, in the event any such sale, exchange, assignment, divestment or other transfer is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, then prior written consent thereof by County's Board of Supervisors shall be required. Any payments by County to Contractor on any claim under this Agreement shall not waive or constitute such County consent.

Consent to any such sale, exchange, assignment, divestment, or other transfer shall be refused only if County, in its sole judgement, determines that the transferee(s) is (are) lacking in experience, capability and financial ability to perform all Agreement services and

other work. This in no way limits any County right found elsewhere in this Agreement, including, but not limited to, any right to terminate this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

20. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Service Program: This Agreement is subject to the service provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a

"contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service served. Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purpose of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation, or other entity, that has a contract with County, or a subcontract with a County contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: 1) the

lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Services Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor", or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also

require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Jury Service Program.

(4) Contractor's violation of this Paragraph of the Agreement may constitute a material breach of this Agreement. In the event of such breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

County of Los Angeles Contractor Employee Jury Service Program Certification Form and Application for Exception", is to be completed by the Contractor prior to Board approval of this Agreement and forwarded to Contracts and Grants.

21. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES: Contractor shall obtain and maintain in effect during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by all applicable federal, State, and local laws, regulations, guidelines and directives, for the operation of its business operation and for the provisions of services hereunder.

Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder, obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local laws, regulations, guidelines and directives, which are applicable to their performance hereunder. Upon Director's written request Contractor shall provide Director with a copy of each license, permit, registration, accreditation, and certificate, as required by all applicable federal, State, and local laws, regulations, guidelines and directives, within ten (10) calendar days thereafter.

22. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of employee, agent, servant, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its officers and employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, and local taxes, or other

compensation, benefits, or taxes to, or on behalf of, any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

23. REQUIREMENT TO NOTIFY EMPLOYEES ABOUT FEDERAL EARNED INCOME CREDIT ("EIC"): Contractor shall notify its employees, and shall require that each of its subcontractors notify its employees, to inform them that they may be eligible for claiming federal EIC as allowed under the federal income tax laws. Such notification shall be provided in accordance with the requirements as set forth in the Department of Treasury Internal Revenue Service's ("IRS") Notice 1015; copies of which, are available from the IRS Forms Distribution Center, by calling (800) 829-3676.

24. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family, and spousal

support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the federal Social Security Act [(42 USC section 653(a)] and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholdings Orders or Child Support Services Department ("CSSD") Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

25. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in "Contractor's Warranty of Adherence to County's Child Support Compliance Program" Paragraph immediately above, shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which County may terminate this Agreement pursuant to the TERMINATION Paragraphs

of this Agreement and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

26. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is attached hereto and incorporated herein, and is also available on the Internet at www.babysafela.org for printing purposes.

27. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

28. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT: Should Contractor require

additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW program(s), who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to the Contractor. In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

29. COUNTY EMPLOYEE'S RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT: To the degree permitted by Contractor's agreements with its collective bargaining units, Contractor shall give the right of first refusal for its employment openings at Contractor's facility to qualified County employees who are laid-off or who leave County employment in lieu of reduction under County's Civil Service Rule 19, and who are referred to Contractor by Director (including those on a County re-employment list). Such offers of employment shall be limited to vacancies in Contractor's staff needed to commence services under this Agreement, as well as, to vacancies that occur during the Agreement term. Such offers of employment shall be consistent with Contractor's current employment policies, and shall be made to any former or current County employee who has made application to Contractor, and is qualified for the available position. Employment offers shall be at least under

the same conditions and rates of compensations which apply to other persons who are employed or may be employed by Contractor. Former County employees who have been impacted by County's Civil Service Rule 19, and who are employed by Contractor shall not be discharged during the term of the Agreement except for cause, subject to Contractor's personnel policies and procedures, and agreement(s) with its collective bargaining units.

Contractor shall also give first consideration to laid-off or reduced County employees if vacancies occur at Contractor's other service sites during the Agreement term.

30. NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT:

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire any rights as a third party beneficiary under this Agreement.

31. SERVICE DELIVERY SITE - MAINTENANCE STANDARDS:

Contractor shall assure that the location(s) [e.g., facility(ies)] where Contractor provides services under this Agreement, is/are operated at all times in accordance with all County and local community standards with regard to property maintenance and repair, graffiti abatement, refuse removal, fire safety, landscaping, and in full compliance with all applicable local laws, ordinances, and regulations relating to the property. County's periodic monitoring visits to Contractor's facility(ies) shall include a review of compliance with the provisions of this Paragraph.

32. DAMAGE TO COUNTY BUILDINGS, FACILITIES, OR GROUNDS:

Contractor shall repair, or cause to be repaired, at its own cost, any damage to County buildings, facilities, or grounds, caused by Contractor or any officer, employee, or agent of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event, later than thirty (30) calendar days after the occurrence.

If Contractor fails to make timely repairs, County may make any necessary repairs on its own. All costs incurred by County for such repairs, as determine by Director, shall be repaid by Contractor upon demand.

33. USE OF RECYCLED - CONTENT BOND PAPER: Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

34. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall within two (2) calendar days, give notice thereof, including all relevant information with respect thereto, to the other party.

35. CONFLICT OF INTEREST:

A. No County officer or employee whose position in County enables such officer or employee to influence the

award or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity by Contractor herein, or have any other direct or indirect financial interest in this Agreement. No officer, employee, agent, or subcontractor of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in County's approval process for the award of this Agreement or any competing agreement, or ongoing evaluation of such services, under this Agreement or any competing agreement, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons involved, or implicated, and a complete description of all relevant circumstances.

36. TERMINATION FOR INSOLVENCY:

A. County may terminate this Agreement immediately for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due, whether Contractor has committed an act of bankruptcy or not, and whether Contractor is insolvent within the meaning of the federal Bankruptcy Law or not;

(2) The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

(3) The appointment of a Receiver or Trustee for Contractor;

(4) The execution by Contractor of an assignment for the benefit of creditors.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

37. TERMINATION FOR DEFAULT: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances:

A. If, as determined in the sole judgment of County, Contractor fails to perform any services within the times specified in this Agreement or any extension thereof as County may authorize in writing; or

B. If, as determined in the sole judgment of County, Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these two (2) circumstances, does not cure such failure within a period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

In the event that County terminates this Agreement as provided hereinabove, County may procure, upon such terms and in such manner as County may deem appropriate, services similar to those so terminated, and Contractor shall be liable to County for any reasonable excess costs incurred by County for such similar services.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

38. TERMINATION FOR IMPROPER CONSIDERATION: County may, by written notice to Contractor, immediately terminate Contractor's right to proceed under this Agreement, if it is found that consideration in any form, were offered or given by Contractor,

either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

(Among other items, such improper considerations may take the form of cash, discounts, services, the provision of travel or entertainment, or other tangible gifts).

39. TERMINATION FOR MATERIAL BREACH: Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

40. TERMINATION FOR CONVENIENCE: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

(1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and

(2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination. Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. After such determination

is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with the RECORDS AND AUDITS Paragraph, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder.

41. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts, which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the contract, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether contractor should

be debarred, and if so, the appropriate length of time of the debarment. Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board

I. These terms shall also apply to any subcontractors of County Contractors.

42. SOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids or request proposals for the continued provision of the services delivered or contemplated under this Agreement. County and/its DHS shall make the determination to solicit bids or request proposals in accordance with applicable County and DHS policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids, or request for proposals, by virtue of its present status as Contractor.

43. GOVERNING LAW, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that the venue of any action (other than an appeal or an enforcement of a judgment) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor, which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be

exclusively in the courts of the State of California located in Los Angeles County, California.

44. WAIVER: No waiver of any breach of any provision of this Agreement by County shall constitute a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

45. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

46. COVENANT AGAINST CONTINGENT FEES:

A. Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by Contractor for the purpose of securing business.

B. For breach or violation of this warranty, County shall have the right to terminate this Agreement and, in its sole discretion, to deduct from the payment or

consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

47. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information as part of its duties in providing such services to Covered Entity under this Agreement; and

Business Associate acknowledges and understands that Covered Entity is subject to the Administrative Simplification requirements of HIPAA, and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Parts 160 and 164 (hereafter "Privacy Regulations"); and Privacy Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, in consideration of the foregoing, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging of Protected Health Information in any manner outside of Business Associate's internal operations or to other than its employees.

(2) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(3) "Protected Health Information (PHI)" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and © is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or

is made accessible to Business Associate by Covered Entity.

(4) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(5) "Services" means all deliverables, goods, tasks, services and/or other work provided by Business Associate pursuant to this Agreement.

(6) "Use" or "Uses" mean, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(7) Terms used, but not otherwise defined, in this Paragraph, shall have the same meaning as those terms in the Privacy Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Paragraph 13, Contractor's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Subparagraph(s), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. shall Disclose Protected Health Information to Covered Entity upon request;

c. may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

- 1) Use Protected Health Information; and
- 2) Disclose Protected Health Information if the Disclosure is Required By Law. Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph.

Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

(3) Reporting Non-Permitted Use or Disclosure:

Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Paragraph. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at (213) 240-7908 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use or Disclosure, followed by a full written report to Covered Entity's Chief Information Privacy Officer, at Kenneth Hahn Hall of Administration; 500 West Temple Street, Suite 493; Los Angeles, California 90012, no later than (10) ten business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health

Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered

Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: a. the

date of the Disclosure; b. the name, and address if known, of the entity or person who received the Protected Health Information; c. a brief description of the Protected Health Information disclosed; and d. a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in a. through d., above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under Paragraph 13, Contractor's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information

Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph b. of this Subparagraph (3), upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or subcontractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Paragraph, to such Protected

Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph, shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph, is contrary to another provision of this Agreement, the provision of this Paragraph shall

control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph, to a section in the Privacy Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph, shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph, from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Regulations.

EXHIBIT A
STATEMENT OF WORK
FOR
DELINQUENT ACCOUNT COLLECTION SERVICES

EXHIBIT A

STATEMENT OF WORK

DELINQUENT ACCOUNT COLLECTION SERVICES

1. SCOPE OF WORK: Contractor shall provide DACS to Facilities and, at Director's discretion with concurrence of Contractor, to any additional Facilities. In performing these services, Contractor shall readily accept County's patient financial, admission, eligibility, and other data in various formats (electronic media, magnetic tape, hard copies, and other formats that become available) as determined by the Director.

DHS will refer delinquent accounts on a periodic basis, (e.g. weekly, monthly, etc.) or as determined by County and Contractor, in formats determined by Director.

Information provided will minimally include the patient's name, last known address if available, account number, balance due on account, and type of service.

2. DEFINITIONS: The terms used throughout this Agreement and in this Exhibit A, unless otherwise stated shall mean the following:

A. FACILITY(IES): A Facility is a County of Los Angeles - Department of Health Services' (DHS) facility that provides health care services.

B. REFERRED ACCOUNT: A Referred Account is an account that has been forwarded to Contractor by a Facility, in accordance with the provisions of this Agreement and as

further identified in the SERVICES TO BE PERFORMED BY CONTRACTOR Paragraph, herein below, for Contractor's assessment and acceptance or rejection.

C. ACCEPTED ACCOUNT: An Accepted Account is a Referred Account that has been referred, accepted and assigned to Contractor for processing in accordance with the provisions of this Agreement.

3. CONTRACTOR PERSONNEL:

A. Contractor shall designate a Contract Manager to lead and coordinate Contractor's provision of DACS pursuant to this Agreement.

B. Contractor shall work independently on designated assignments in accordance with this Statement of Work.

C. Contractor is responsible for providing training, and supervising the personnel assigned to perform the services under this agreement. All personnel assigned by Contractor to perform these services shall at all times be employees of Contractor and Contractor shall have the sole right to hire, suspend, discipline, or discharge them. However, any employee of Contractor assigned to this agreement who, in the opinion of County, is unsatisfactory shall be removed from the performance of services related to the Contract immediately upon the written request of the Director.

D. Notwithstanding any representation by County regarding the participation of County personnel in any phase

of this project, Contractor assumes sole responsibility for the timely accomplishment of all activities assigned in this Agreement. Contractor shall cooperate with County staff when, as determined by Director, it is necessary to monitor/review Contractor's overall performance and compliance with the terms of this Agreement.

4. COUNTY PERSONNEL AND RECORDS:

A. County does not anticipate assigning any County employees to assist Contractor on a full-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor, at the Director's discretion, to provide input and assistance in order to answer questions and provide necessary liaison between Contractor and County departments.

B. The various operational/administrative records and statistics of County's health operations shall be available to Contractor for review and evaluation whenever deemed appropriate and feasible by County, and as may be allowed by applicable law.

5. COUNTY FURNISHED PROPERTY AND SERVICES:

A. Contractor(s) shall furnish all labor, materials, supplies, personnel, equipment, and administrative support necessary to perform the services under this Agreement.

B. At the County's sole discretion, the County may assign space, chairs, and desks, on a non-exclusive basis,

for work area and related use by the Contractor. In the event the County assigns space to the Contractor, Contractor shall use the space only for the purpose of the performance of services hereunder. The Contractor is prohibited from use of such space, desks, and chairs for the purposes other than for the performance of this Agreement.

C. At the County's sole discretion, the County may provide access to telephones, fax machines, and photocopying equipment, on a non-exclusive basis, for the purpose of Contractor's performance of this Agreement. The Contractor is prohibited from use of such equipment for the purposes other than for the performance of this Agreement.

6. LOCATION OF CONTRACTOR:

A. Contractor shall maintain a business office and a telephone listing in Los Angeles County where clients may visit or call Contractor (or the Contractor's attorney) regarding their accounts. This business office shall also receive payments and have some responsible person(s) to maintain all of the records and reports required per this contract.

B. Contractor's business office address and a toll-free telephone number shall be clearly visible on Contractor's letterhead used for all client communications. At a minimum, the business office should maintain continuous regular business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, with extended morning or evening hours on at

least one day.

7. SERVICES TO BE PERFORMED BY CONTRACTOR:

A. Director may, in his sole discretion, refer accounts to Contractor, throughout the term of this Agreement, categorized as "Self-Pay" accounts that the County's DHS has exhausted its own collection efforts prior to referral to the Contractor. Self-Pay accounts may include, but are not limited to, wholly unpaid patient responsible accounts with no third-party (commercial insurance, worker's compensation, or Medicare and/or Medi-Cal coverage, etc.) resources or residual amount due (i.e. insurance, co-pay/co-insurance, reduced cost programs, etc.) on outstanding accounts.

B. Contractor shall segregate all accounts referred by County from all other Contractor accounts. All information relating to the accounts referred and assigned shall be confidential, and shall not be open to examination for any purpose not directly connected with the servicing of the accounts by the Contractor.

C. Contractor action upon receipt of Referred Accounts:

(1) Immediately upon assignment, the Contractor shall undertake collection efforts in accordance with the Fair Debt Collection Practices Act and California Robbins-Rosenthal Fair Debt Collection Practices Act. Further, DHS requires that the Contractor's practices,

applied to DHS patients, conform to all DHS policies on allowable debt collection practices.

(2) County reserves the right to direct Contractor to modify or change collection techniques with regards to these accounts.

(3) Under no circumstances is Contractor to commence collection efforts or accept payments until such time as County assigns the account for collection services.

(4) If the County determines that patient does not have Financial Ability To Pay ("FATP"), such determination shall be communicated to the Contractor, the account shall be recalled and the Contractor shall return all account/patient information to County in accordance with the schedule and formats in Appendix A - Schedule of Information. The Contractor shall not undertake any collection efforts for these accounts and shall not accept any payment from the patients. In the event the patient attempts to make a voluntary payment, the Contractor shall not accept the payment and will instead refer the patient to County Facilities where the payment can be accepted. In the event the patient provides Contractor with proof of third party coverage, Contractor shall proceed in accordance with Section 13, "Third Party Coverage" of this Exhibit A.

D. The Contractor will load/enter the files/data to

its system and provide County with an Acknowledgement of Referrals for it's files. On a monthly basis, Contractor shall provide County with an account inventory listing of both Referred Accounts and Accepted Accounts.

E. Contractor shall readily accept the re-referral of accounts recalled from a previous Contractor and in various formats.

F. Notwithstanding the above, Director reserves the right to recall specific accounts or restrict specific accounts or account types from referral to Contractor.

G. Director will, at his sole discretion, provide Contractor all pertinent data deemed appropriate and feasible to perform the services under this agreement, and as may be allowed by applicable laws and regulations.

8. RE-EVALUATION OF ACCOUNTS:

A. County reserves the right to re-evaluate and adjust, cancel, or recall any account assigned for collection, particularly where collection would have resulted in undue hardship to the patient or his/her dependents at the time the service was rendered, or thereafter, or would presumably result in indigence for the family or dependents of such patient. In such instances, Contractor shall immediately report to County in writing any case in which the collection or enforcement of an account would result in undue hardship to the patient for the purpose of enabling County to re-evaluate, adjust, cancel,

or recall the claim against such patient. Failure of Contractor to report such incidence of undue hardship to County will result in Unsatisfactory Performance.

B. In the event any account is canceled or recalled by County, County shall not be liable to Contractor for the payment of any fee or commission associated with payments received on said account after the effective date of such recall or cancellation. If any account is re-evaluated by County and is adjusted, but not entirely canceled or recalled, and is subsequently paid by the patient in the amount so adjusted, County shall pay Contractor a commission on the adjusted amount only.

9. ADJUSTMENTS TO CONTRACTOR RECORDS:

A. County shall notify Contractor of any adjustments required to the Contractor records resulting from adjustments to the charge or payments received directly by the County. Contractor shall accurately post all adjustments to the appropriate accounts within five (5) business days of receipt of the adjustment notification and consistent with the manner presented by County. Contractor shall also provide County with an Acknowledgement of Adjustments Report in accordance with Appendix A - Schedule of Information.

B. If Contractor does not agree with the adjustments for any reason, it must notify County in writing of the specific reasons for the objections and provide County with

supporting documentation within five (5) business days from the date the adjustment notification was received by Contractor. County shall evaluate Contractor's objection, make a determination and notify Contractor in writing of its decision within ten (10) business days of receipt of such notice from Contractor. With regard to this paragraph 9, County decision on any objection shall be final.

C. Failure on the part of Contractor to act within the prescribed time frames and in accordance with the procedures set forth above will result in a waiver of any claim for commission that might have otherwise been warranted.

10. RECALL OF ACCOUNTS:

A. County shall have the right to recall from Contractor, without charge or penalty, Referred Accounts or Accepted Accounts pursuant to the contract in the following circumstances:

(1) Any account within thirty (30) calendar days of referral or assignment to Contractor.

(2) Any account upon which no payment has been received within six (6) months of assignment.

(3) Any account that has been assigned to the Contractor for more than two (2) years and is not then in litigation.

(4) Any account which County determines to be publicly sensitive or which the best interests of the County would not be served by the efforts of

Contractor.

(5) Any account owed by a patient who files any petition in bankruptcy, including a petition for a wage earner's plan.

(6) Any account that is eligible for or covered by a third party resource, if Contractor has not yet identified the same third party resource prior to recall.

(7) Any account where the liability lies with a third party tort-feasor, if Contractor has not yet identified the same third party tort-feasor prior to recall.

(8) Any account eligible for the State Franchise Tax Board/Intercept Program.

(9) Any account where the patient is deceased.

(10) Any account that cannot be collected through normal collection techniques but may be collected through suit.

B. Immediately upon receipt of County recall notification, Contractor shall discontinue any collection efforts. All account/patient information shall be returned to County in accordance with the schedule and formats in Appendix A - Schedule of Information. Under no circumstances shall Contractor undertake further collection efforts on recalled accounts.

11. DISPUTES: In the event that a patient disputes any

amount of the balance due on an account or liability for payment of all or part of the amount due to an established public debt reduction program, Contractor shall notify County in writing of such dispute within three (3) business days after patient disputes the amount. Contractor shall also immediately discontinue collection activity on the disputed amount. Contractor shall not resume collection efforts on the disputed amount until directed in writing by Director.

12. PATIENT PAYMENTS ON ACCEPTED ACCOUNTS:

A. Payment schedules may be arranged within the patient's current income and financial ability to pay in accordance with the County's policy and procedures (e.g. Extended Payment Plan).

B. Contractor may also use postdated checks in its collection efforts. The sole responsibility in the monitoring and the safeguarding of these checks will rest with the Contractor.

C. Contractor shall collect legally allowed interest on all court judgments only if the judgment permits the collection of interest. However, Contractor must provide copies of the legal documents allowing such to County prior to any collection of interest.

D. All Contractor collection shall be remitted to County in accordance with the PAYMENT REMITTANCE Paragraph hereinbelow. In the event the Contractor collects allowable interest, a separate report identifying the interest

payments by account shall be submitted with the Payment/Commissions Report, as set forth in Appendix A - Schedule of Information.

13. THIRD PARTY COVERAGE:

A. Contractor shall review the patient account data and identify those accounts that are eligible for or covered by Medi-Cal, Medicare, California Children's Services ("CCS"), insurance or any other third party source for the amount owed. Contractor must present a list of all such inpatient accounts and any outpatient accounts specified, to the facility for approval. Contractor shall not pursue collection before receiving the approval from the facility.

B. At the County's option, Contractor may be certified as an authorized Medi-Cal and/or Medicare, CCS, insurance or any other third party source biller. Such authorization shall be given in writing to Contractor along with the appropriate procedures for billing.

C. Any amount paid to Contractor, the provider of service, or County, by the third party source shall be subject to a commission based on the actual reimbursement received from the third party source. However, in no instance will Contractor be entitled to a commission when the third party source was billed by the provider of service or by any County contractors prior to the account being referred or assigned to the Contractor, except when, in the judgment of County, Contractor has presented satisfactory

evidence that payment was made as a result of Contractor's own billing of the third party source.

D. When a patient demonstrates that medical services provided were or should have been covered by a public assistance program, Contractor shall cease delinquent account collection efforts and make a determination of the validity of the public assistance coverage.

E. Contractor shall assist patient in applying for third party resources including referring the patient back to County to apply for no-cost or low-cost programs.

F. The Contractor shall immediately notify DHS in writing of any accounts the Contractor has identified where the account liability lies with a third party tort-feasor.

(1) When it comes to the attention of Contractor that the patient has instituted a suit against a third party tort-feasor liable for medical care, and Contractor has discovered the identity and/or whereabouts of said third party tort-feasor creating the circumstances giving rise to liability pursuant to Government Code Section 23004.1 and 23004.2 or the Hospital Lien Act, Contractor shall immediately notify County.

(2) Upon DHS approval, Contractor shall proceed under its third party billing procedures, including third party billings for accident related (personal or industrial) injury, workers' compensation, and third

party lien accounts.

14. CREDIT INQUIRY SERVICES

A. If requested by Director, Contractor shall provide all equipment necessary to enable County or Contractor staff to perform electronic credit inquiries, in locations and quantities determined by County, on patients applying for the County's no-cost or low-cost programs and/or assist in identifying inaccurate or false billing information.

B. Contractor shall provide training and assistance in obtaining and utilizing the information on the credit inquiries.

C. Contractor shall perform collection services for these accounts referred by County with amounts identified as collectible, as determined through the use of credit inquiries which may be later deemed uncollectible by the County.

D. All costs associated with this service shall be included in the Contractor's contingency fee and Contractor shall not receive additional reimbursement for these services.

15. LEGAL ACTION:

A. Contractor shall identify any assigned account that cannot be collected through normal collection techniques but, in the Contractor's determination, may be collected through suit.

B. County shall provide guidelines in writing for such

determination and Contractor shall provide to County documentation that the case meets County guidelines.

C. Contractor shall obtain written authorization from Director prior to proceeding with any lawsuit. In no event shall the Contractor institute a suit or legal proceeding without the prior written authorization from the Director.

D. Contractor shall bring and maintain any action in its own name and not in the name of the County.

E. Contractor shall notify Director in writing of any monies collected through suit. All costs awarded by court judgment shall be added to the account only after the Contractor has forwarded proof of such costs to County. Contractor shall then be allowed to collect its costs as awarded in the judgment only. If attorney fees are stipulated in the judgment, Contractor can recoup the entire amount. However, attorney fees are considered to be principal and Contractor can only collect interest on such fees provided the judgment specifies interest.

F. Pursuant to Section 698.220, Code of Civil Procedures, Contractor shall apply payments in the following priority on all judgments: (1) court costs, (2) principle, and (3) interest. All court costs, attorney fees and applicable interest on the attorney fees shall be paid solely to Contractor. All other interest and principal shall be split between Contractor and County, in accordance with Section 12-C of Exhibit A-Statement of Work.

16. CONTRACTOR ATTORNEYS:

A. Contractor shall employ a licensed attorney or attorneys to invoke legal process, pursuant to the LEGAL ACTION Paragraph, above, in the collection of these accounts. Compensation shall be paid by Contractor for the services of any such attorney as part of Contractor's commission. Any attorneys so employed shall be deemed to represent Contractor and not the County.

B. Upon securing a judgment, Contractor shall enforce the judgment and collect, with the prior written approval of County, on the account.

17. DECEASED PATIENTS AND LIENS:

A. When it comes to the attention of Contractor that the patient is deceased and an estate has been opened in his name, Contractor shall notify County in writing. County will notify Contractor in writing if approval is granted for Contractor to proceed with filing a probate creditors claim.

B. In no event shall Contractor institute a probate creditors claim without the prior written authorization of Director. Contractor shall bring and maintain any action in its own name and not in the name of the County.

18. UNCOLLECTIBLE ACCOUNTS:

A. Contractor shall report to County on all accounts deemed by Contractor to be uncollectible. Such accounts shall be returned to County, and Contractor shall have no

rights to a commission for any sums thereafter collected upon these accounts. All such accounts are to be returned to County in accordance with the format and schedule set forth in Appendix A - Schedule of Information.

B. If Contractor makes a recommendation for reactivation of an account, within sixty (60) calendar days of returning said account, Director may, in his sole discretion, once again refer or assign such account to the Contractor. Contractor shall be entitled to its commission for any sums thereafter collected upon such reassigned accounts.

C. Contractor shall not collect any payments and/or commissions on accounts that have not been assigned to Contractor.

19. FRANCHISE TAX BOARD/INTERCEPT PROGRAM:

A. Any Referred or Accepted Accounts that are subsequently found to be eligible for the State Franchise Tax Board/Intercept Program may be recalled by County. County will notify Contractor in writing of such eligibility and Contractor will be entitled to a commission only on sums collected on those accounts prior to the notification date.

B. Whether the account is recalled or not, Contractor shall not be entitled to any commission on payments received through the State Franchise Tax Board/Intercept Program.

20. COLLECTIONS:

A. Contractor shall provide a daily cashiering

function for patient mail-in and walk-in payments at Contractor's business office where the County's accounts are worked and shall provide for the daily collection and processing of these payments. The Contractor is only to accept payments on Accepted Accounts. In the event the patient attempts to make voluntary payment, Contractor will not accept the payment and will instead refer the patient to County.

B. All payments shall be processed daily by Contractor's office staff and deposited on the same day to Contractor's trust funds. Contractor shall maintain separate trust accounts for County accounts.

C. Contractor shall ensure that adequate internal control procedures are followed in the handling of collections from patients. If County determines that additional controls are necessary at any time during the term of the agreement, Contractor shall implement such additional controls, as required, or alternative procedures as pre-approved in writing by County.

D. Contractor shall be liable and responsible for all collection shortages related to the accounts, which may occur during Contractor's collection and processing activities.

21. PAID IN FULL LETTERS AND RECEIPTS: Contractor may issue a letter or receipt on paid in full or settled accounts that states: "This particular account number _____, assigned to

(Name of Contractor), is either paid in full or settled as indicated." However, at no time shall such letters or receipts indicate that such account is a Los Angeles County account.

22. DIRECT PAYMENT: In accordance with Appendix A - Schedule of Information, County shall notify Contractor of each payment received directly from the patient or third party resource when the payment is for an account previously referred and accepted by Contractor for collection and determined that the collection is not a result of an action taken by County prior to the referral. On a monthly basis, County will remit to Contractor the appropriate commission on the direct payments. Director's determination shall be final with regard to this Paragraph 22.

23. REFUNDS: If it is determined by County that a refund to the patient is warranted for any reason, a refund will be made by Contractor regardless of when the determination is made. Contractor will return any commission retained or paid on the refunded amount to County along with the next scheduled payment remittance, as described in the PAYMENT REMITTANCE Paragraph below.

24. PAYMENT REMITTANCE:

A. Contractor shall make weekly and end-of-the-month remittance payments to County.

Each Friday, and at each month-end, Contractor shall remit to County an amount equal to the total of all payments received by Contractor for referred and accepted accounts.

Contractor will deposit a check for the remittance amount into an assigned bank account to be designated by County. Any refunds of commissions, as set forth in the REFUNDS Paragraph shall also be submitted with the remittance amount.

B. Contractor shall also provide the Monthly Payment/Commissions Reports as set forth in Appendix A - Schedule of Information.

25. CREDIT REPORTING: Contractor shall not cause a County patient to be listed with any credit reporting service (e.g. Experian or others). In the event this policy changes, Contractor will be notified in writing by the Director.

26. REQUIRED REPORTS: The formats and frequency of the required reports are set forth in Appendix A - Schedule of Information. Any changes to the formats or frequency of the reports shall be provided to the Contractor in writing by Director. From time to time, Director may request additional reports or one time only reports created from Contractor's existing data fields. Contractor shall make such reports available to County within one week from Director's request or as otherwise agreed to by County and Contractor.

27. CONTRACTOR TERMINATION/TRANSITION TO NEW CONTRACT:

A. At the end of the contract period, Contractor shall promptly return to County all previously referred accounts and all records and/or files pertaining to such accounts. In no case shall the Contractor continue working the

accounts and no commissions will be paid on monies received by the vendor from the patients upon termination or transition.

B. All account payment funds received by the Contractor after contract termination shall be forwarded to County within three(3) business days of receipt. Any post-dated checks in the vendor's possession will be voided and given to County to arrange for replacement from the maker(s).

C. Any legal actions in progress at the time of contract termination shall be turned over to County for completion within fifteen (15) days of termination.

D. Within forty-five (45) days of termination, Contractor shall submit to County its termination claim and invoice, and reports as may be prescribed by County. Such claim and invoice shall be submitted promptly, but no later than sixty (60) days from the effective date of termination.

Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine, on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination, and such determinations shall be final. After such determination is made, County shall pay Contractor the amount so determined.

E. Contractor shall maintain all records relating to their contract performance for a minimum of five (5) years

after contract termination. The County will have the right to inspect these records at any time within this five (5) year period.

28. MINIMUM INTERNAL CONTROL REQUIREMENTS:

A. Contractor shall ensure that cash handling and record keeping duties should be adequately separated by having different staff responsible for each duty. Mail should be picked up by employees who do not have cash handling duties or access to accounting records. This requirement can also be satisfied by the use of a private courier service to pick up the mail. Mail should be opened by at least two (2) employees in order to document and verify the amount of mail payments. These employees should not have access to accounting records or be collectors.

B. Checks and money orders should be restrictively endorsed when the mail is opened. The payments should be logged into a Control Log showing the date of payment, payment instrument (e.g. check, money order, and cash), patient's name, amount received and number of the payment instrument.

C. Any cash received should immediately be receipted and put in a safe or other secured location. The receipt should be used for posting to the account. The actual checks and money orders should be locked in a secure location with restrictive access until deposited during or at the end of the day. This location should remain locked

during the day. Two independent adding machine tapes should be run on the receipts and actual cash and checks, then compared and initialed by the two (2) mail openers.

D. Receipts - The following controls should be in place to maintain accountability over receipts:

- (1) Receipts are not to be issued by collectors.
- (2) Receipts must be pre-numbered, multi-part forms with copies for the patient, accounting offices and one retained as a control copy. Each copy must be marked for distribution.
- (3) Issued receipts should be numerically controlled and kept in a secure place. Office management staff should maintain accountability for all receipt stock, and all used and voided receipts.
- (4) Receipts should be used in numerical order.
- (5) Employees who issue receipts should not control used and unused receipt stock.

E. Walk-In Payments - Patients who pay in person should receive a receipt in the presence of an employee who does not have the ability to post collections to patient accounts. Signs should be posted in English and Spanish instructing the patient to request and get a receipt.

F. All Payments - All cash is to be secured and the receipt used for posting purposes. Unidentified, post-dated, and NSF checks should be accounted for and dispositioned on a separate log that provides a complete

audit trail from receipt to disposition.

G. All payments, including unidentified payments, should be deposited daily. Duplicate deposit slips should be retained for all deposits. In the event an unidentified payment is a check or money order, a photocopy of same should be retained in order to disposition the payment at a later date.

H. Office management staff should reconcile the amount of mail and walk-in payments to the total amount of the deposit. The office management staff should receive one copy of the mail payment's adding machine tape and the amount of walk-in payments, and compare them to the amount of the daily deposit slips and the post-dated and unidentified check logs.

I. Written internal control procedures should be maintained and periodically updated as necessary. Contractor personnel should be periodically instructed in said procedures and office management staff should continuously monitor operations to ensure compliance therewith.

29. ACCESS TO INFORMATION: In order for Contractor to perform the services described in this Exhibit A, County shall cooperate with Contractor to allow access to such financial, medical and other operating data as may be available and reasonably requested, and as may be allowed by Director and applicable law, including among other things the following:

(1) Patient demographic, admission, and registration data from the respective Facility admission and registration system files, as available in format determined by Director;

(2) Inpatient and ambulatory billing forms and billing folders for Medi-Cal, Medicare, and commercial insurance;

(3) County patients accounts receivable information in format and timeframe determined by Director;

(4) Medicare, Medi-Cal, and other third party remittance files;

(5) Eligibility and enrollment history files;

(6) County patient medical records, for purposes of determining and verifying dates of patient service and other diagnosis information required for successful billing and collection;

(7) File layouts, if necessary, for each of the files;

(8) At Director's discretion, any additional files, documents, system access, or information deemed appropriate to facilitate performance of the services described in -
SCOPE OF WORK and SERVICES TO BE PERFORMED BY CONTRACTOR
Paragraphs.

30. PROVISION FOR PAYMENT:

A. Subject to the body of this Agreement, County shall compensate Contractor hereunder as set forth in this Paragraph. The term "Payments" as used in this Paragraph,

includes cash, credits, transfers, and capitation and premium fees received by the County. The term "Payments", as used in this Paragraph, shall not include any Medicare or Medi-Cal cost report settlements, nor shall it include any block grant monies, including, but not limited to, SB 855, the Medi-Cal Hospital Financing Waiver (Medi-Cal Redesign) or other supplemental monies or special payments the County may receive.

B. Contractor shall be compensated on a contingent fee negotiated by the Director and the Contractor, but shall not exceed twenty-five percent (25%) of incremental collections, including self-pay, Medi-Cal, Medicare, Commercial Insurance, Health Care Plan, and other third party payor collections received on all DHS facilities.

31. ADDITIONAL COVENANTS OF CONTRACTOR: In performing the services described in this Exhibit A, Contractor shall:

A. Use reasonable care to avoid duplicate invoicing;

B. If so requested in advance by County, return all the material provided by County pursuant to Exhibit A, ACCESS TO INFORMATION Paragraph, promptly and in the same condition and sequence in which they are received.

C. Respect the confidential Information with regard to County patient and Hospital financial records. Contractor contractually recognizes the confidentiality of all County patient data and therefore, shall obtain/extract only that information needed to discover and generate required third-

party and commercial insurance, etc., billing information. All such collected information shall remain the property of County.

D. Upon termination of Agreement, if so requested by the Director, Contractor shall provide County, in a format designated by the Director, with the data currently maintained in performance of services under this Agreement in accordance with this Exhibit A, SERVICES TO BE PERFORMED BY CONTRACTOR Paragraph.

SCHEDULE OF INFORMATION

| Exhibit No. | Name | Media* | Generated By | Frequency | Statement of Work Reference |
|-------------|--|---|--------------|--|-----------------------------|
| 1 | Contractor Monthly Complaint Report (aka Master complaint Log) | Hard Copy/Email | Contractor | Monthly | 26 |
| 2 | Referral Record Files | Various Formats | DHS | Monthly for Outpatient Periodically for Inpatient | Section 7A |
| 3 | Acknowledgment of Referrals | 3 1/2" diskette or 100mg ZIP (Excel File Format) | Contractor | Monthly | Section 7D |
| 4 | Payments/Commissions Report | Electronic File Transfer & Excel File Format via 3 1/2" diskette or 100mg ZIP (Excel File Format) | Contractor | Monthly | Section 20, 24, 12 |
| 5 | Account Inventory Files (1 for referred accounts, 1 for assigned accounts) | Electronic File Transfer & Excel File Format via 3 1/2" diskette or 100mg ZIP (Excel File Format) | Contractor | Monthly | Section 7D |
| 6 | Returns | Electronic File Transfer & Excel File Format via 3 1/2" diskette or 100mg ZIP (Excel File Format) | Contractor | Monthly | Section 18 |
| 7 | Debit Adjustment | Hard Copy/Email | DHS | Monthly | Section 8, 9 |
| 8 | Credit Adjustment | Hard Copy/Email | DHS | Monthly | Section 8, 9 |
| 9 | Acknowledgment of Adjustments | 3 1/2" diskette or 100mg ZIP (Excel File Format) | Contractor | Monthly | Section 9A |
| 10 | Direct Pays | Hard Copy/Email | DHS | The Month following DHS posting of payment/memo | Section 22 |
| 11 | Request To Recall | Hard Copy/Email | DHS | Monthly | Section 10, 7F |
| 12 | FATP Update Report | Hard Copy/Email | Contractor | Weekly | 13 A, B, D, E |
| 13 | Copies of NSF Checks | Hard Copy of the Checks | Contractor | When deducted from remittance | 24 |
| 14 | Credit Inquiry/ATP/Liability Report | Hard Copy | Contractor | Monthly | Section 14, 13 |

* DHS reserves the right to change the media indicated, as improvements to technology become available

Appendix A
Exhibit 1

Agency Monthly Complaint Report

Agency Name _____

Reporting Period _____

| <u>Collector Name</u> | <u>Type of Allegation</u> | <u>No</u> |
|-----------------------|---------------------------|-----------|
|-----------------------|---------------------------|-----------|

***There are no complaints to report for this period.

Agency Summary This Month

Signature

Date

Appendix A
Exhibit 2

LACO AAWOO FILE FORMAT

1 ARJ - DTL - REC ONE PER CANDIDATE ACCOUNT

| | | | |
|---|-------------------|---------------|------------|
| 3 | SYSTEM - ID | PIC XX | VALUE 'AR' |
| 3 | RECORD CODE | PIC X | VALUE '1' |
| 3 | HOSPITAL CODE | PICXX | |
| 3 | ADJUSTMENT CODE | PIC S9 (3) | COMP-3 |
| 3 | VISIT TYPE | PIC X | |
| 3 | PF NUMBER | PIC S9 (9) | COMP-3 |
| 3 | GURANTOR ADDRESS | PIC (39) | |
| 3 | ADMISSION DATE | PIC S9 (6) | COMP-3 |
| 3 | DISCHARGE DATE | PIC S9 (6) | COMP-3 |
| 3 | HFC ADMISSION. #. | PIC S9 (7) | COMP-3 |
| 3 | WRITE-OFF AMOUNT | PIC S9 (7)v99 | COMP-3 |
| 3 | LAST PAYMENT DATE | PIC S9 (6) | COMP-3 |
| 3 | GUARANTOR NAME | PIC X (14) | |
| 3 | GUARANTOR PHONE | PIC X (7) | |
| 3 | PATIENT NAME | PIC X (24) | |
| 3 | REPORTING DATE | PIC S9 (6) | COMP-3 |
| 3 | CARRIER NUMBER | PIC S9 (3) | COMP-3 |

1 ARJ - TOT - REC ONE PER FACILITY

| | | | |
|---|-----------------------|---------------|-------------------|
| 3 | SYSTEM - ID | PIC XX | VALUE 'AR' |
| 3 | RECORD CODE | PIC X | VALUE '2' |
| 3 | HOSPITAL CODE | PIC XX | |
| 3 | FILLER | PIC X (59) | VALUE HIGH-VALUES |
| 3 | FACILITY TOTAL ACCTS. | PIC S9 (7) | COMP-3 |
| 3 | FACILITY TOTAL W/OFF | PIC S9(11)V99 | COMP-3 |
| 3 | FILLER | PIC X (43) | VALUE SPACES |
| 3 | REPORTING DATE | PIC S9 (6) | COMP-3 |

**Appendix A
Exhibit 3**

ACKNOWLEDGE LISTING

Agency Name:

| Patient Name | Your Acct.# | Amount | Date of Service | Age |
|---------------------|--------------------|---------------|------------------------|------------|
|---------------------|--------------------|---------------|------------------------|------------|

Appendix A
Exhibit 4

PAYMENT/COMMISSIONS REPORT

STATEMENT FOR:

CLIENT NO: CLIENT NAME: REMIT. LIAB INTEREST IS SHARED

CLIENT ADDRESS: ATTN:

| DEBTOR NAME DEBTOR NO. | COLL. PD. TO US Principal Interest | COLL. PD. TO CLIENT Principal Interest | COMMISSION Rate Amount | DUE ON COLLECTION To us To Client | PRIN. Balance |
|---------------------------|---------------------------------------|---|---------------------------|--------------------------------------|------------------|
|---------------------------|---------------------------------------|---|---------------------------|--------------------------------------|------------------|

Appendix A
Exhibit 5

AGENCY NAME:
STATUS REPORT AS OF:

| Patient Name | PF# | MCAUTO# | Date Assignd. | Amt Assignd. | Adj. To Acct. | Date of Service | Coll. | Total Acct. Bal | Current |
|-----------------|-----|---------|------------------|-----------------|------------------|--------------------|-------|--------------------|---------|
|-----------------|-----|---------|------------------|-----------------|------------------|--------------------|-------|--------------------|---------|

Appendix A
Exhibit 6

AGENCY NAME
RETURN REPORT

FOR MONTH ENDING:

FACILITY NAME:

| PATIENT NAME | FIRST | MI | PF# | MCAUTO# | ASSIGNED | DATE | DATE OF SERVICE | CURRENT ACCT. BAL. | REASON CODE |
|--------------|-------|----|-----|---------|----------|------|-----------------|--------------------|-------------|
|--------------|-------|----|-----|---------|----------|------|-----------------|--------------------|-------------|

TOTAL ACCOUNTS RET.

TOTAL CURR. ACT. BAL

Appendix A
Exhibit 7

LOS ANGELES COUNTY
DEBIT ADJUSTMENT TO INCREASE ACCOUNT BALANCE
FOR THE MONTH OF:

| PAYOR NUMBER | ORG DPT | SU AC | PAYOR NAME | AGENCY DATE ACKNOWLEDGE | TXN DATE | TXN | AMOUNT | DESCRIPTION | ACCOUNT BALANCE |
|-----------------|------------|----------|---------------|----------------------------|-------------|-----|--------|-------------|--------------------|
| | | | | | | | \$ | | \$ |

TOTAL

Prepared by:
Date: mm-dd-yy

Appendix A
Exhibit 8

LOS ANGELES COUNTY
CREDIT ADJUSTMENT TO DECREASE ACCOUNT BALANCE
FOR THE MONTH OF:

| PAYOR NUMBER | ORG DPT | SU AC | PAYOR NAME | AGENCY DATE ACKNOWLEDGE | TXN DATE | TXN | AMOUNT | DESCRIPTION | ACCOUNT BALANCE |
|-----------------|------------|----------|---------------|----------------------------|-------------|-----|--------|-------------|--------------------|
| | | | | | | | \$ | | \$ |

TOTAL

Prepared by:
Date: mm-dd-yy

Appendix A
Exhibit 9

COUNTY OF LOS ANGELES
ACKNOWLEDGMENT OF ADJUSTMENTS

| CLIENT/DEB NAME | DATE | ADJUSTMENT | BALANCE |
|-----------------|------|------------|---------|
| XXXX | XXX | XXXXXX | XXX |
| | | | XXXX |

TOTALS

TOTALS

TOTAL INCREASED PRINCIPAL XXXXX

TOTAL DECREASED PRINCIPAL XXXXX

P2 CREDIT MEMO:

I:\C:\CD\SECTION A\Sarah\Financial\USCB Inc\FINAL\USCB AGRMT Attachments to Agreement\direct pay.xls

COUNTY OF LOSANGELES - DEPARTMENT OF HEALTH SERVICES

HOSPITAL:

VISIT TYPE: INPATIENT _____ OUTPATIENT _____

Date:

Page _____ of _____

Batch #:

Batch Date:

DOC Batch:

| PATIENT NAME | MRUN | ACCT # | ADMISSION DATE | WRITE-OFF DATE | ADJ CODE | ADJ AMT | PAYMENT AMT REC'D | PAYMENT DATE | REASON CODE | BATCH NUMBER | REASON CODE |
|--------------|------|--------|-------------------|-------------------|-------------|------------|----------------------|-----------------|----------------|-----------------|--|
| | | | | | | | | | | | 02 Medicare Payment |
| | | | | | | | | | | | 04 Referral Error/Upfront Cash |
| | | | | | | | | | | | 05 ATP Adjustment |
| | | | | | | | | | | | 08 Worker's Comp. Adjustment |
| | | | | | | | | | | | 09 Insurance Adjustment |
| | | | | | | | | | | | 10 Partial Payment |
| | | | | | | | | | | | 11 Medi-Cal/Medicare Patient |
| | | | | | | | | | | | 12 Hospital Insurance Benefits Pending |
| | | | | | | | | | | | 13 Property, Accident, Lien or Probate |
| | | | | | | | | | | | 14 Insurance Payment |
| | | | | | | | | | | | 15 Administrative or Correction |
| | | | | | | | | | | | 16 Charge In Dispute |
| | | | | | | | | | | | 17 Agency Complaint |
| | | | | | | | | | | | 18 Multiple Accounts |
| | | | | | | | | | | | 19 New Charges |
| | | | | | | | | | | | 20 Other: PAID IN FULL |
| TOTALS | | | | | | | | | | 0.00 | 0.00 |

Noted and Approved:

Appendix A
Exhibit 12

COUNTY OF LOS ANGELES
Financial Ability To Pay Update Report
Accounts Identified As Self Pay
Locates To Collect

| NAME | PF# | ADMISSION | DEBTOR GROSS | SPOUSE GROSS | TOTAL GROSS | DEPEND | COMMENTS |
|------|-----|-----------|-----------------|-----------------|----------------|--------|----------|
|------|-----|-----------|-----------------|-----------------|----------------|--------|----------|

| | | | | | | | |
|------------|------|--|----|----|----|--|--|
| XXXXXX XXX | XXXX | | \$ | \$ | \$ | | |
|------------|------|--|----|----|----|--|--|

TOTAL

____ APPROVED

____ EXCEPTIONS

BY: _____

DATE: _____

NSF Collections Returned for MM-DD-YY

[illegible]

EXHIBIT B

COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM
CERTIFICATION FORM AND APPLICATION FOR EXCEPTION

The County's solicitation for this Request for Proposals is subject to the County of Los Angeles Contractor Employee Jury Service Program (Program), Los Angeles County Code, Chapter 2.203. All proposers, whether a contractor or subcontractor, must complete this form to either certify compliance or request an exception from the Program requirements. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the proposer is exempt from the Program.

| | | |
|-----------------------------------|--------|-----------|
| Company Name: | | |
| Company Address: | | |
| City: | State: | Zip Code: |
| Telephone Number: | | |
| Solicitation For _____ Services): | | |

If you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program is Not Applicable to My Business

- ☐ My business does not meet the definition of "contractor," as defined in the Program, as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exception is not available if the contract itself will exceed \$50,000). I understand that the exception will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.

- ☐ My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exception will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

"Dominant in its field of operation" means having more than ten employees, including full-time and part-time employees, and annual gross revenues in the preceding twelve months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

- ☐ My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

OR

Part II: Certification of Compliance

- ☐ My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

| | |
|-------------|--------|
| Print Name: | Title: |
| Signature: | Date: |